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Shaping Ky. agriculture's future

MEETINGS GIVE PUBLIC SAY ON DIRECTION OF TOBACCO BOARD, SPENDING SETTLEMENT MONEY

By Al Cross

 ■ [Meeting schedule](#)

No state has put more of its tobacco-settlement funds into agriculture -- half the total -- as Kentucky, the state with the most tobacco farmers. And farmers continue to be the focus of officials who hand out the money.

The \$206 million invested so far in Kentucky agriculture has helped shake farmers' historic allegiance to tobacco, encouraged diversification and upgraded the state's cattle industry, the largest in the Eastern United States.

The state has put virtually none of the money into research and development of such agriculture-related industries as biotechnology, which has been a major focus of settlement spending in North Carolina, the top tobacco-producing state.

Meanwhile, some Kentucky legislators have voiced concern that the state is spending the settlement money too loosely, and the head of the office that oversees the spending acknowledges that it needs a larger compliance staff.

That is the lay of the land as the Governor's Office of Agricultural Policy holds 13 meetings in all sections of Kentucky to discuss the future of the Agricultural Development Fund -- which gets half the money Kentucky receives from the national settlement with cigarette manufacturers.

When the legislature allocated the settlement money in 2000, there was heavy political pressure to put money directly into the pockets of farmers, who were going through a series of cuts in tobacco production quotas.

Kentucky set aside half its settlement spending to help its farm economy, and is spending the money -- about \$100 million a year -- as it comes in.

A turf battle over who would control the money put most power in the hands of the new

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Agricultural Development Board, representing agriculture, business and other interests.

However, 35 percent of the money was allocated to counties based on their economic dependency on tobacco, and the spending priorities and immediate oversight at the county level were placed in the hands of local boards representing agricultural interests.

The Governor's Office of Agricultural Policy has statewide oversight and acts as staff to the state board.

Keith Rogers, executive director of the office since 2003, said in an interview that state universities might have been interested in getting settlement money for research in agriculture or biotechnology, but kept quiet because they also wanted to see tobacco growers get direct help and didn't want to be seen as competing with them.

But with the end of federal quotas and price supports for tobacco in late 2004, and the resulting departure of many growers from the industry, tobacco appears to have lost much of its clout. It has declined from its historic position as Kentucky's No. 1 agricultural product to fourth.

Rogers said the state's initial strategy of immediate, direct payments to farmers was not just a tactical, political maneuver, but logical public policy because it gave farmers an incentive to diversify, improve the quality of their livestock or invest in value-added processing of their products.

"We had to have a change of attitude and mind-set in the Kentucky farmer to ever move beyond tobacco," and it has worked, Rogers said.

Not only did settlement money provide incentives, each of the county-level programs requires farmers who get matching grants or forgivable loans to take training programs. Rogers said the programs -- diversification, storage, fencing, forage, cattle handling, cattle genetics and on-farm water supplies -- help about 12,000 farmers a year.

The only biotechnology grant in Kentucky has been \$255,000 to ApolImmune, an early-stage biopharmaceutical company. Rogers said last winter that the board might add research to its new strategic plan, but that has not happened.

Rogers and his predecessor, John-Mark Hack, said North Carolina was much better prepared to move in the biotechnology area because it already had research facilities, and tobacco was a smaller part of its agricultural economy.

Hack also cited an organized resistance to biotechnology in Kentucky and an Agricultural Development Board that has changed membership and become "more dominated by people coming from a traditional farm background and less from an agribusiness background."

The future direction of the board and its spending of the largest discretionary pot of money in the state executive branch will be guided by comments at the regional meetings.

This is a unique opportunity for people interested in the future of Kentucky's agricultural economy and the state's economy as a whole to speak up about the investment of a huge resource that can make a difference in the quality of life in Kentucky.